



MICHIGAN
HOUSE OF REPRESENTATIVES
P.O. Box 30014
LANSING, MICHIGAN 48909-7514

**MINUTES OF THE COMMITTEE
ON
TAX POLICY**

Wednesday, June 20, 2017 8:15 p.m. Room 519, House Office Building

The House Committee on Tax Policy was called to order by the Chairman, Representative Jim Tedder.

Members present: Representatives Tedder, Howrylak, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

Members absent/excused: Representative Maturen.

Representative Kesto moved to adopt the minutes from the Wednesday, June 14, 2017 meeting.

There being no objection, the motion prevailed by unanimous consent.

The Chair laid before the committee SB 242, SB 243, and SB 244:

SB 242 (Sen. Stamas) Economic development; Michigan strategic fund; good jobs for Michigan program; create.

SB 243 (Sen. Schmidt) Individual income tax; collections; certain revenues attributable to the good jobs for Michigan program; capture and earmark.

SB 244 (Sen. Bieda) Taxation; administration; disclosure of certain information under the Michigan strategic fund act; allow.

Representative Lower offered the following amendment to SB 242:

1. Amend page 18, following line 1, by inserting:
 "(10) THE FUND SHALL NOT DESIGNATE AN AUTHORIZED BUSINESS OR ENTER INTO A NEW WRITTEN AGREEMENT ON OR AFTER DECEMBER 31, 2019."

Representative Lower moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 11-0-1.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: None.

PASS: Representative Howrylak.

Representative Lucido offered the following amendments to SB 242:

1. Amend page 10, line 2, by striking out all of subdivision (D) and inserting:
"(D) "ELIGIBLE BUSINESS" MEANS A BUSINESS OTHER THAN A RETAIL ESTABLISHMENT, PROFESSIONAL SPORTS STADIUM, CASINO, OR THAT PORTION OF AN ELIGIBLE BUSINESS USED EXCLUSIVELY FOR RETAIL SALES THAT PROPOSES TO CREATE 1 OR MORE OF THE FOLLOWING:

(i) A MINIMUM OF 3,000 CERTIFIED NEW JOBS IN THIS STATE WITH AN AVERAGE ANNUAL WAGE THAT IS EQUAL TO OR GREATER THAN THE PROSPERITY REGION AVERAGE WAGE.

(ii) A MINIMUM OF 500 CERTIFIED NEW JOBS IN THIS STATE WITH AN AVERAGE ANNUAL WAGE THAT IS EQUAL TO OR GREATER THAN THE PROSPERITY REGION AVERAGE WAGE.

(iii) A MINIMUM OF 250 CERTIFIED NEW JOBS IN THIS STATE WITH AN AVERAGE ANNUAL WAGE THAT IS EQUAL TO 125% OR MORE OF THE PROSPERITY REGION AVERAGE WAGE."

2. Amend page 12, line 4, by striking out all of subdivision (A) and inserting:
"(A) THE ELIGIBLE BUSINESS PROPOSES TO CREATE AND MAINTAIN THE MINIMUM NUMBER OF CERTIFIED NEW JOBS AT A FACILITY IN THIS STATE AND TO PAY AN AVERAGE ANNUAL WAGE THAT IS DESCRIBED IN SECTION 90G(D)."

3. Amend page 14, line 21, by striking out all of subsection (6) and inserting:
"(6) THE FUND SHALL DETERMINE THE DURATION AND AMOUNT OF THE WITHHOLDING TAX CAPTURE REVENUES. IN DETERMINING THE DURATION OF THE WITHHOLDING TAX CAPTURE REVENUES, THE FUND SHALL PROVIDE A DURATION OF UP TO 5 YEARS FOR ELIGIBLE BUSINESSES DESCRIBED IN SECTION 90G(D)(ii) AND UP TO A DURATION OF 10 YEARS FOR ELIGIBLE BUSINESSES DESCRIBED IN SECTION 90G(D)(i) OR (iii). IN DETERMINING THE AMOUNT OF THE WITHHOLDING TAX CAPTURE REVENUE PAYMENTS, THE FUND MAY APPROVE A PAYMENT OF NOT MORE THAN 50% OF THE WITHHOLDING TAX CAPTURE REVENUES FOR AN ELIGIBLE BUSINESS DESCRIBED IN SECTION 90G(D)(ii) AND A PAYMENT OF UP TO 100% OF THE WITHHOLDING TAX CAPTURE REVENUES FOR AN ELIGIBLE BUSINESS DESCRIBED IN SECTION 90G(D)(i) OR (iii). THE AMOUNT OF WITHHOLDING TAX CAPTURE REVENUES CERTIFIED TO BE PAID TO AN AUTHORIZED BUSINESS SHALL BE REDUCED BY 5%, WHICH SHALL BE RETAINED BY THE FUND FOR ADDITIONAL ADMINISTRATIVE EXPENSES UNDER THIS CHAPTER AS PROVIDED UNDER SECTION 90I."

Representative Lucido moved to adopt the amendments to SB 242:

The motion prevailed by a vote of 10-2-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: Representatives Howrylak and Johnson.

PASS: None.

Representative Lucido offered the following amendments to SB 242:

1. Amend page 10, line 1, after "**FUND.**" by inserting "**PURSUANT TO A WRITTEN AGREEMENT BETWEEN THE AUTHORIZED BUSINESS, THE FUND, AND THE PRIMARY SUPPLIER, CERTIFIED NEW JOBS FOR AN AUTHORIZED BUSINESS DESCRIBED IN SUBDIVISION (D)(i) MAY, AS DETERMINED BY THE FUND, INCLUDE THE NUMBER OF THOSE NEW JOBS CREATED BY THE PRIMARY SUPPLIER OF THAT AUTHORIZED BUSINESS AS A RESULT OF THE NEW OR INCREASED BUSINESS ACTIVITY WITH THAT AUTHORIZED BUSINESS AS DETERMINED BY THE FUND.**".

2. Amend page 10, following line 22, by inserting:
"**(I) "PRIMARY SUPPLIER" MEANS AN ENTITY THAT CREATES NOT FEWER THAN 25 NEW JOBS IN THIS STATE AND THAT PROVIDES BOTH OF THE FOLLOWING TO AN AUTHORIZED BUSINESS PURSUANT TO A WRITTEN AGREEMENT UNDER THIS CHAPTER:**

(i) A MINIMUM OF \$5,000,000.00 IN TANGIBLE PERSONAL PROPERTY ANNUALLY AS DETERMINED BY THE FUND.

(ii) A MINIMUM OF 10% OF THE TANGIBLE PERSONAL PROPERTY USED BY THE AUTHORIZED BUSINESS ANNUALLY AS DETERMINED BY THE FUND."
and relettering the remaining subdivisions.

Questions and discussion followed.

Representative Lucido moved to adopt the amendments to SB 242:

The motion prevailed by a vote of 10-2-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: Representatives Howrylak and Johnson.

PASS: None.

Representative Howrylak offered the following amendment to SB 242:

1. Amend page 20, following line 18, by inserting:
"Enacting section 2. This amendatory act does not take effect unless House Bill No. 4645 of the 99th Legislature is enacted into law."

Representative Howrylak moved to adopt the amendment to SB 242:

The motion failed by a vote of 2-8-2.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Howrylak and Johnson.

NAYS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Neeley, and Ellison.

PASS: Representatives Bryd and Hammoud.

Representative Bryd offered the following amendment to SB 242:

1. Amend page 13, line 13, by striking out all of subdivision **(I)** and inserting:
"(I) THAT THE LOCAL GOVERNING BODY OF THE MUNICIPALITY IN WHICH THE FACILITY IS LOCATED APPROVES THE EXPANSION OR NEW LOCATION BY RESOLUTION."

Representative Bryd moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 12-0-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Howrylak, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: None.

PASS: None.

Representative Neeley offered the following amendment to SB 242:

1. Amend page 14, following line 20, by inserting:
"(G) WHETHER THE ELIGIBLE BUSINESS HAS MADE A WRITTEN COMMITMENT TO FUND SOME PORTION OF COSTS FOR APPLICABLE TRAINING OF THE INDIVIDUALS THAT WILL PERFORM THE FULL-TIME JOBS THAT LEADS TO A PROFESSIONAL OR TECHNICAL CERTIFICATION FOR THESE INDIVIDUALS."

Representative Neeley moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 9-2-1.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Byrd, Neely, Ellison, and Hammoud.

NAYS: Representatives Howrylak and Johnson.

PASS: Representative Lower.

Chairman Tedder offered the following amendment to SB 242:

1. Amend page 20, line 17, after "effect" by striking out "180" and inserting "30".

Representative Kesto moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 10-2-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: Representatives Howrylak and Johnson.

PASS: None.

Chairman Tedder offered the following amendment to SB 242:

1. Amend page 17, line 14, by striking out all of subsection (9) and inserting:
"(9) THE FUND SHALL NOT COMMIT, AND THE DEPARTMENT OF TREASURY SHALL NOT DISBURSE, AN AMOUNT OF TOTAL WITHHOLDING TAX CAPTURE REVENUES THAT EXCEEDS \$200,000,000.00, WHICH INCLUDES THE 5% PAYMENT FOR ADMINISTRATIVE EXPENSES AS PROVIDED IN SECTION 90I. THE FUND SHALL NOT EXECUTE MORE THAN 15 NEW WRITTEN AGREEMENTS EACH CALENDAR YEAR FOR AUTHORIZED BUSINESSES. IF THE FUND APPROVES FEWER THAN 15 WRITTEN AGREEMENTS IN A CALENDAR YEAR, THEN ANY UNUSED WRITTEN AGREEMENTS SHALL CARRY FORWARD INTO FUTURE CALENDAR YEARS, AND SHALL BE IN ADDITION TO THE ANNUAL LIMIT THAT IS OTHERWISE APPLICABLE. FOR PURPOSES OF THIS SUBSECTION, "TOTAL WITHHOLDING TAX CAPTURE REVENUES" MEANS THE AGGREGATE AMOUNT OF WITHHOLDING TAX CAPTURE REVENUES THAT MAY BE DISTRIBUTED TO AUTHORIZED BUSINESSES UNDER ALL WRITTEN AGREEMENTS."

Representative Lower moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 11-0-1.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: None.

PASS: Representative Howrylak.

Representative Kahle offered the following amendment to SB 242:

1. Amend page 9, line 27, after "**LOCATION**" by inserting "**AND THE NUMBER OF FULL-TIME JOBS THAT THE AUTHORIZED BUSINESS ACQUIRED THROUGH**

A MERGER OR ACQUISITION THAT WERE LOCATED IN THIS STATE PRIOR TO THE EXPANSION OR LOCATION".

Representative Kahle moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 12-0-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Howrylak, Kesto, Lucido, Vaupel, Johnson, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: None.

PASS: None.

Representative Ellison offered the following amendment to SB 242:

1. Amend page 14, following line 20, by inserting:

"(G) THAT THE ELIGIBLE BUSINESS WILL MAKE A GOOD-FAITH EFFORT TO EMPLOY, IF QUALIFIED, MICHIGAN RESIDENTS AT THE FACILITY.".

Representative Ellison moved to adopt the amendment to SB 242:

The motion prevailed by a vote of 10-2-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, Ellison, and Hammoud.

NAYS: Representatives Howrylak and Johnson.

PASS: None.

Representative Kesto moved to report SB 242, with recommendation, as amended.

The motion prevailed by a vote of 9-3-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, and Ellison.

NAYS: Representatives Howrylak, Johnson, Hammoud.

PASS: None.

Representative Howrylak offered the following amendment to SB 243:

1. Amend page 4, following line 15, by inserting:

"Enacting section 2. This amendatory act does not take effect unless House Bill No. 4645

of the 99th Legislature is enacted into law."

Representative Howrylak moved to adopt the amendment to SB 243:

The motion failed by a vote of 2-7-3.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Howrylak and Johnson.

NAYS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, and Ellison.

PASS: Representatives Bryd, Neeley and Hammoud.

Representative Lucido moved to report SB 243, with recommendation.

The motion prevailed by a vote of 9-3-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, and Ellison.

NAYS: Representatives Howrylak, Johnson, Hammoud.

PASS: None.

Representative Howrylak offered the following amendment to SB 244:

1. Amend page 8, following line 15, by inserting:

"Enacting section 2. This amendatory act does not take effect unless House Bill No. 4645 of the 99th Legislature is enacted into law.".

Representative Howrylak moved to adopt the amendment to SB 244:

The motion failed by a vote of 2-7-3.

UNFAVORABLE ROLL CALL:

YEAS: Representatives Howrylak and Johnson.

NAYS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, and Ellison.

PASS: Representatives Bryd, Neeley and Hammoud.

Representative Ellison moved to report SB 244, with recommendation.

The motion prevailed by a vote of 9-3-0.

FAVORABLE ROLL CALL:

YEAS: Representatives Tedder, Kesto, Lucido, Vaupel, Kahle, Lower, Byrd, Neely, and Ellison.

NAYS: Representatives Howrylak, Johnson, Hammoud.

PASS: None.

Representative Kahle moved to excuse the absent member.

There being no objection, the motion prevailed by unanimous consent.

There being no further business before the committee and seeing no objection, the Chair adjourned the meeting, the time being 8:38 p.m.

Representative Jim Tedder, Chair

Date Approved and Signed

Angie Lake
Acting Committee Clerk
June 20, 2017
18 minutes